

HELOAN Guidelines



June 15, 2022

Receiving a complete document package upfront is the key to a one-touch underwrite.
Contact us at lending@buttonfinance.com to get started.

FICO / CLTV	HELOAN					
FICO / CLTV / Occupancy Limits	FICO	Max CLTV				
	Owner Occupied 1-unit	Owner Occupied 2-units	Owner Occupied 3-4 units	2nd Home	Investment	
	660-679	80%	75%	70%	70%	
	680-699	90%	80%	75%	75%	
	700-759	90%	80%	75%	75%	
	760-779	90%	80%	75%	75%	
	780+	90%	80%	75%	75%	
Maximum CLTV for Piggyback loans is based off first Lien Terms and Conditions						

TERMS AND ELIGIBILITY	HELOAN								
Product Terms	<ul style="list-style-type: none"> Fixed Rate. 10, 15, 20, or 30 year. Fully amortizing. 								
Loan Amounts	<ul style="list-style-type: none"> Minimum: \$20,000 Maximum Standalone: \$500,000 Maximum Piggyback: \$500,000 								
Debt to Income (DTI) Limits	FICO / CLTV	Max DTI							
		<= 60	>60-65	>65-70	>70-75	>75-80	>80-85	>85-90	>90-95
	660-679	45%	45%	45%	45%	45%			
	680-699	45%	45%	45%	45%	45%	43%	43%	
	700-759	50%	50%	50%	50%	45%	45%	45%	
	760-779	50%	50%	50%	50%	50%	45%	45%	
780+	50%	50%	50%	50%	50%	45%	45%		
Housing Ratio	N/A								
Occupancy	<ul style="list-style-type: none"> Owner-Occupied 2nd Home 								
Income Requirements	<ul style="list-style-type: none"> Income calculations must comply with all Appendix Q requirements in the ATR Final Ruling 								
Employment / Income Verification	<ul style="list-style-type: none"> Must adhere to FNMA requirements 								
Short-term Rental Income	<ul style="list-style-type: none"> Eligible for Purchase, Cash-out and No-Cashout Refis. Capped at 15% of total income. Must provide: <ul style="list-style-type: none"> Two years personal tax returns showing Schedule E Part I Rental Income Two years personal tax return transcripts Previous two years payout records from source of income (i.e. from AirBnB, VRBO, etc) Year-To-Date Print out of payout records from source of income 								
Credit Score	<ul style="list-style-type: none"> Credit score used will be based upon the middle score from a tri-merge credit report Non-traditional credit is not eligible for financing 								
Significant Derogatory Credit	<ul style="list-style-type: none"> Foreclosure – 4 Years Charge-Off of a Mortgage Account, DIL, Pre-foreclosure Sale, Short Sale or Short Payoff – 5 Years Modified or Restructured of any mortgage – 1 year Chapter 7 or 11 Bankruptcy – 4 years from discharge or 4 years from dismissal Chapter 13 Bankruptcy – 2 years from discharge or 4 years from dismissal See Button Finance Underwriting Guidelines for Multiple Derogatory Events 								
Trade Lines	<ul style="list-style-type: none"> Two active tradelines with 24 month history Active Mortgage/Rental History with 12 months 0x30 OR <ul style="list-style-type: none"> 3 years of 0x30 mortgage history 								
Appraisal Requirements	<p>AVMs permissible when the following conditions have been met, else full (1004) appraisal needed:</p> <ul style="list-style-type: none"> APR does not exceed APOR by 3.5% on a primary residence Loan Amounts <\$200,000 and AVM CLTV < 90 <p>*NOTE: When an appraisal is >90 days old, loans will be requalified at the lower of the AVM/Appraised Value.</p> <p>Borrower is responsible for paying appraisal fees upfront at the time of order, via the Triserv payment link. See appraisal pricing pdf for fee details.</p>								
Seasoning Period for Appraisals (if appraisal is required)	<ul style="list-style-type: none"> Ownership 0-6 Months, O/O or 2nd Homes: Use purchase appraisal or new appraisal value Ownership 0-6 Months, Investment Properties: Use lower of purchase price or appraised value 								

TERMS AND ELIGIBILITY	HELOAN
Title Requirements	<ul style="list-style-type: none"> • Loans <\$250,000 require a title search with Owner and Encumbrance property report with E&O insurance • Full Title Insurance is required on loans that are >/\$250,000 • Borrower is responsible for all title insurance costs associated with the transaction
Reserve Requirements	No Reserves Required
Housing History	<ul style="list-style-type: none"> • Max 0x30 in the last 12 months mortgage payment history is required inclusive of all REO for all borrowers on the transaction • Piggyback FTHB Housing History: 1st lien provider to verify housing history on first-time homebuyer Once the deferment/forbearance period has expired borrower must make 3 timely monthly payments over 3 months.
Eligible First Liens	<ul style="list-style-type: none"> • Fixed Rate • ARMs with >3 year fixed period from app date; qualified at full note rate (index+margin) • Fully amortizing • Terms up to 30 years • Modified mortgages reporting current for past 12 months • Mortgages must be held in title holder's name
Ineligible first Liens	<ul style="list-style-type: none"> • Negative Amortization • Interest-Only • Assumed mortgage loans • Prepayment penalties have not expired • Balloon payments • Loans currently in forbearance w/o 3 consecutive monthly payments made • Capitalizations or other non-standard features

OTHER REQUIREMENTS		HELOAN	
Borrower Age	<ul style="list-style-type: none"> • 18 years or older 		
Citizenship	<ul style="list-style-type: none"> • US Citizens • Permanent Residents • Non-Permanent Residents with valid US H, L, E-1, F-1 with OPT, G or TN visa or EAD card 		
Ineligible Borrowers	<ul style="list-style-type: none"> • LLCs, Corporations, Partnerships • Power of Attorney on Cash-out deals is not perm • Borrower's holding diplomatic immunity • Temporary protected status • Foreign nationals with only ITIN • Deferred enforced departure • Humanitarian parole • Irrevocable trusts are not permitted • Life Estates • Land Trusts 		
Eligible Property Types	<ul style="list-style-type: none"> • Single Family Residence • Mixed Use Single Family • Condominium • PUDs • Townhouses • Cooperative with board approval (NYC / DC) • Modular Homes 		
Ineligible Property Types	<ul style="list-style-type: none"> • Condotels • New construction • Mobile Homes • Manufactured Homes • Commercial Operations • Geodesic Homes • Properties listed for sale in the last 12 months • Working farms and ranches • Properties >25 Acres • Timeshares • Leaseholds • Tenants In Common 		
Condominiums	<ul style="list-style-type: none"> • Established projects only • Limited Project Review to be completed by lender • Confirmation of subject property not being a condotel • H06 policy is required 		

OTHER REQUIREMENTS		HELOAN				
	Minimum FICO	Max CLTV				Investment
		Owner Occupied Cash Out	Owner Occupied Purchase & Rate / Term	2nd Home Cash Out	2nd Home Purchase & Rate / Term	
Geographic Restrictions: Texas Loans	660-679	80%	80%	70%	70%	
	680-699	80%	90%	75%	75%	
	700-759	80%	90%	75%	75%	
	760-779	80%	90%	75%	75%	
	780+	80%	90%	75%	75%	
<i>Owner Occupied 2-4 units, Purchase / Rate and Term - refer to HELOAN Max CLTV limits</i> <i>Maximum CLTV for Piggyback loans is based off first Lien Terms and Conditions</i>						
Mixed Use	<ul style="list-style-type: none"> • The following special eligibility criteria must be met: <ul style="list-style-type: none"> • The property must be a one-unit dwelling that the borrower occupies as a primary residence or vacation home • The borrower must be both the owner and the operator of the business • The property must be primarily residential in nature • The dwelling may not be modified in a manner that has an adverse impact on its marketability as a residential property • Full appraisal required 					
Piggyback Additional Requirements	<ul style="list-style-type: none"> • Final closing disclosure from first lien lender to confirm final CLTV and DTI Calculation • Use of existing appraisal from first lien is acceptable subject to collateral review • Agreement of sale on purchase contracts 					
Liabilities	<ul style="list-style-type: none"> • Paying off debt is allowed for qualifying purposes, although debt must be closed at or prior to loan closing • Paying down installment debt is allowed to <=10 Months • Lease payments not be excluded • See Button Finance Underwriting Guidelines for Liabilities and Ratios 					
Solar Panel UCC	<ul style="list-style-type: none"> • Recorded UCCs and liens on title do not impact lien position • Obtain copy of monthly statement unless able to obtain payment from credit report 					
Assumptions	<ul style="list-style-type: none"> • Loans are not assumable 					
Prepayment Penalty	<ul style="list-style-type: none"> • Not permitted 					
Escrows	<ul style="list-style-type: none"> • No escrow 					
Ineligible Transaction Types	<ul style="list-style-type: none"> • Non-arms length transaction 					

DOC REQUIREMENTS	HELOAN
Age of Documents	<p>Expiration dates are based upon the note date</p> <ul style="list-style-type: none"> • Credit documents (credit, income, and assets) - 120 days • Credit refresh done at final Underwriting Approval, prior to clear to close • Title report - 90 days • Appraisal/AVMs • If appraisal is used, it is good for 180 days • If appraisal is older than 90 days, we will use the lower of AVM and appraisal value • If AVM is used, it is good for 60 days
Identity	<p>Any of:</p> <ul style="list-style-type: none"> • Valid state driver's license with photo • Valid state non-driver's license with photo • Valid US passport with photo • Valid international passport with photo • Valid Permanent Resident card with photo • Birth Certificate • Valid Military photo ID • Valid Medicare card • Valid Military dependents photo ID
Citizenship	<p>Any of:</p> <ul style="list-style-type: none"> • Valid US passport with photo • Valid Permanent Resident card with photo • Valid international passport with photo (must be accompanied by valid visa) • Valid US H, L, E-1, G or TN visa with photo • Valid Employment Authorization Document (EAD) card with photo
Social Security Verification	<p>Any of:</p> <ul style="list-style-type: none"> • Valid Social Security Card • Current Paystub • W-2 • Tax transcript
Income	<p>Wage Earners:</p> <ul style="list-style-type: none"> • VOIE from The Work Number <p>OR</p> <ul style="list-style-type: none"> • Paystubs covering most recent 30 days • Borrower provided most recent 2 years W2 Transcripts <p>Self-Employed</p> <ul style="list-style-type: none"> • Most recent 2 years 1040s, including all schedules • Borrower provided most recent 2 years 1040 transcripts • Borrower provided most recent 2 years W2 Transcripts • Paystubs covering most recent 30 days • Most recent 2 years business tax returns (25% ownership or more), including all schedules • Unaudited Year-to-date Profit and Loss Statement • Unaudited Year-to-date Balance Sheet
Mortgage and Collateral	<ul style="list-style-type: none"> • Latest statements for mortgage and / or additional liens on additional real estate owned • AUS DU or LP Findings, if applicable • Latest homeowner's association statement, if applicable • Completed homeowner's association questionnaire, if condo <p>Standalone Transactions</p> <ul style="list-style-type: none"> • Latest statements for mortgage and / or additional liens on subject property • Homeowners' and/or flood insurance <p>Piggyback Transactions</p> <ul style="list-style-type: none"> • 1003 reflecting the terms of both mortgages • 1008 reflecting the terms of both mortgages • Fully-executed purchase agreement and all addenda • First Mortgage Approval Letter • Appraisal supporting estimated value/purchase price • Title report to be reviewed by Button Finance